

Items #6 & 7 – Reconciliation of Revenue and Expense Figures on Audit and IRS Form 990

If revenue (line 12) and expense (line 17) figures on the IRS Form 990 and audit differ, these figures must be reconciled in one of the following ways:

- a. Submit statement signed by the independent CPA that completed the audit reconciling the figures, or
- b. Complete IRS Form 990, Parts IV-A and IV-B (page 4)

For reconciliation, filling out IRS Form 990, Parts IV-A and IV-B is the preferred method.

The LFCC will not do computations to reconcile information that must be complete on submission.

SAMPLE RECONCILIATION STATEMENT:

Gerry Reese and Associates, CPAs, Inc.
Certified Public Accountants
300 Ala Moana Boulevard, Room 456
Honolulu, Hawaii 96813

When we prepared the annual Form 990 for the year ended June 30, 2002, we were provided with what we believed were the final audited numbers for the organization. After the tax return was prepared, an adjustment was made to the proposed audit adjusting journal entries. The adjustment reversed a \$70,000 pledged contribution for the construction of an animal shelter.

Form 990, Part IV-A reconciliation of revenue per audited financial statements with revenue per tax return should read:

Total revenues per audited financial statements	\$1,179,818
Less net unrealized investment gains on investments	(103,279)
Less cost of merchandise sold and trainer	(21,645)
Total revenue per Form 990, page 1, line 12	\$1,054,894
Total revenue per Form 990, page 1, line 12 as originally reported on Form 990	\$1,124,879
Less reversal of pledged contributions	(70,000)
Adjusted total revenue	\$1,054,879



GERRY REESE AND ASSOCIATES, CPAS, INC.